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C O N F I D E N T I A L SECTION 01 OF 04 ABU DHABI 005078

SIPDIS

STATE FOR INR AND NEA/ARPI

E.O. 12958: DECL: 12/17/2010
TAGS: [PGOV](#) [PREL](#) [PINS](#) [SOCI](#) [IR](#) [PA](#) [IN](#) [AE](#)
SUBJECT: UAE'S POPULATION TAPESTRY: AN OVERVIEW

REF: ABU DHABI 1434

Classified By: Classified by CDA Martin Quinn, reasons 1.4 (b) and (d).

11. (C) Summary: While many UAE nationals see the ongoing rapid expansion of the country's expatriate population as a positive factor contributing to the UAE's 8% annual economic growth rate, others see a potential threat to their political and social fabric. Officially, foreigners are welcome in the UAE, where they hold an estimated 98 percent of the jobs in the private sector, according to the Ministry of Labor and Social Affairs. Long a key to the country's modernization and prosperity, expatriate labor is attracted to the UAE by economic incentives that surpass what they could expect to find in their home countries. Many UAE nationals welcome, or even insist upon, expatriate workers in their homes and businesses, but just below the surface, there is sometimes another view that blames foreigners for most of the crimes that are committed and for introducing "different" values.

12. (C) Summary continued: New census figures due to be announced in early 2006 likely will show that the proportion of expatriates continues to grow, despite government measures to control immigration at ports of entry and to encourage local population growth and greater "Emiratization" of the work force. While the UAEG continues to debate whether to take drastic new measures to address the population imbalance, the country's leadership will have to ensure that the economic needs of citizens and non-citizens are being met in order to prevent dissatisfaction. End Summary.

Background

13. (U) The UAE's demographic imbalance is a relatively recent phenomenon. In 1968, Emirati nationals comprised 64 percent of the population. As waves of immigrants poured into the UAE to help build the oil-based economy, the percentage of UAE nationals shrank to 24 percent by 1995 when the last census was taken. The 2005 census results, to be announced in early 2006, are expected to show that nationals make up only 21 percent of the total population. In Dubai, the percentage of nationals is believed to be less than 10 percent. Indians, Pakistanis, and Bangladeshis will remain the three largest non-Emirati groups in the new census, with Indians (28 percent) the largest single nationality group in the UAE. At the end of last year, the UAE population was estimated at 4.3 million.

14. (C) While Emiratis acknowledge that the UAE owes much of its rapid modernization and prosperity to the legions of expatriate workers who have come here, some are disturbed by the social, economic, and security ramifications of the population imbalance. The UAE leadership has publicly acknowledged these challenges, and has raised it in the context of our counterterrorism, law enforcement, and trade (labor) cooperation. Labor Minister Al Ka'abi told a USG visitor that he did not want his children to see his picture in a museum as an example of the "former rulers" of the UAE, in a future UAE with a "president named Khan" (referring to the large Pakistani population). He stressed that no one in the UAE would allow that to happen. Academics, news commentators, and the UAE-based think tanks have all recommended solutions to the problem. Mutar Abdallah, a demographic expert at the UNDP office in Abu Dhabi, told Pol Chief that the census will give the UAE a basis for developing measures to address the challenge.

Fear of Imported Violence

15. (C) The possible security threat posed by expatriates from countries in turmoil and countries that export terrorism concerns many Emirati policymakers and observers. UAE officials cite these concerns as reasons to look closely at the question of political rights of foreign laborers, including the right to form trade unions, which are not yet legal in the UAE. The likelihood of unrest seems remote, however, as the UAE is quick to "deport its problems," and expatriates are reluctant to take actions that may lead to deportation, as most support extended families back home on their incomes. In an interview published by the Oxford Business Group in November, Abu Dhabi Crown Prince Sheikh Mohammed bin Zayed (MbZ) directly addressed this threat in response to a question about terrorism. After 9/11, the UAE "took action against every individual who had a relationship with Al Qaida, whether local or foreign," he added. "I think that was the most important step we took in keeping the UAE secure."

16. (C) In academic Fatima Al Sayegh's history class at UAE University, the main concern of male students is how the influx of foreigners affects Emirati society. "Foreigners bring with them their history, their values. They also bring crime," Al Sayegh said. Ministry of Interior statistics suggest that nationals are fully and perhaps even over-represented in criminal activity. In 2003, of the 1,267 persons arrested for drug-related offenses, more than a third) 452 -- were Emirati nationals. Of the 5,157 persons imprisoned for all offenses, close to 20 percent) 872 -- were Emiratis.

17. (C) The huge, mostly South Asian, expatriate population "is a problem for everybody -- at all levels," Federal National Council (FNC) Secretary General Mohammed Al Mazrouie told Pol Chief. Over the years, he said, FNC members have engaged in vigorous debates on the issue. Al Mazrouie recalled heated discussions about quotas to bring in fewer South Asians, replacing them with more East Asians and Arabs. He said there has been talk about "bringing more quality

people" and "raising fees and taxes to make life uncomfortable for expatriates who are undesirable." MbZ has told us that the UAE would prefer to have East Asian workers over Arab and South Asians. The mass deportation of any group is not an option, Al Mazrouie said.

¶18. (C) The demographic crisis touches Emirati nationals' daily lives. "You feel uneasy at being a minority in your own country," a political-military analyst at the UAE Armed Forces' Directorate for Military Intelligence (DMI) told Pol Chief. "Problems overseas can come here. It could become a security nightmare." (Note: According to 2003 data, 76 percent of the population is Muslim, 9 percent is Christian, and 15 percent is "other")- presumably mainly Hindu. Approximately 15 percent of Muslims are Shi'a. Local observers estimate that 55 percent of the foreign population is Muslim, 25 percent is Hindu, 10 percent is Christian, 5 percent is Buddhist, and 5 percent belongs to other religions. End note.)

¶19. (U) Lopsided demographics worry all Gulf states, so much so that Gulf Cooperation Council (GCC) Secretary General Abdul Rahman Al Attiyah told GCC labor ministers meeting in Manama November 22 that the estimated 10 million foreign workers in the region who remit \$30 billion annually to their countries constitute a "national security issue." (Note: Given the difficulty foreign workers have in investing in the UAE)- either in the property market or the stock market)- and the lack of permanent resident status, the fact that foreign workers remit the bulk of their salaries home is not surprising. End note.)

They Come To Work

¶10. (C) While the Gulf countries have legitimate reasons to worry about such things as the spillover effect of tensions in South Asia and elsewhere, the demographic imbalance is fundamentally a labor issue, and future solutions are more likely to address the make-up of the labor market. From the perspective of Emiratis, the overwhelming number of expatriate workers is a daily reminder of their economy's dependence on a foreign labor force. The UAE national share of the labor market barely increased from 9.1 percent in 1995 to 9.3 percent in 2004, according to the June 9 "Gulf News." Emiratis make up only 2 percent of the private sector workforce. The report laid the blame on the UAE's public education system, and obstacles (social constraints) that prevent women from entering the labor market. (Comment: From our experience and conversations, women generally succeed as employees and are well represented at universities and in the public sector. The biggest social obstacle to fuller utilization of UAE nationals is the perceived lack of a work ethic among the majority of UAE men, and the concern expatriates sometimes express about having to supervise Emirati males. End comment.)

¶11. (C) Foreign workers hold jobs that Emiratis either do not want, or jobs that they would like to hold if employers would only shed their less-costly expatriate workforce and begin paying double or triple for qualified UAE nationals. IMF estimates that the unemployment among UAE nationals was over 11 percent in 2004. According to the National Human Resource Development and Employment Authority, an authority charged with promoting UAE national employment in the public and private sectors, more than 40,000 UAE nationals may be unemployed, a figure which brings the ratio up to almost 16 percent. As one scholar wrote in the "Middle East Review of International Affairs" in March 1999, UAEG officials are "aware that unemployment of nationals has been a rallying point for the Islamic opposition in Saudi Arabia." Abu Dhabi nationals generally view the thousands of low-paid Asian workers, some of whom stage protests in Dubai for not receiving salaries on time, as a security threat -- even if it is usually Emirati employers who are directly responsible for the poor working conditions. In July, the "Gulf News" cited a Ministry of Labor official as saying that 370,000 expatriates were working in the UAE illegally.

No Shortage of Solutions

¶12. (C) In the past, the UAEG's approach to the demographic problem lacked coordination. "There was no higher committee.

There were smaller committees within different ministries and agencies," said the UNDP's Mutar Abdallah. All that could change once the new census figures come out. UAE officials have tried and/or contemplated numerous measures, mostly labor- and immigration-related, to address the demographic imbalance:

-- National ID card: This program, established in December 2004, is designed to help labor and law enforcement authorities get a better grip on the nature of the demographic problem. The cards are being issued to both UAE nationals and expatriates. ID cards, which can be used as a travel document to travel in GCC countries, as well as a work permit and driver's license.

-- "Emiratization": The policy of encouraging private and public sector employers to hire UAE nationals has yielded poor results. Most Emiratis are employed by the public sector with its relatively higher benefits. The skill levels of many Emirati graduates do not meet the high standards of the UAE's state-owned enterprises or of the private sector. The UAEG mandates quotas for federal employment, and for the banking, insurance, and trade sectors; however, companies have had difficulties in recruiting and retaining qualified national employees, who are also more expensive and require more benefits. In the public sector, where targets of between 60 and 90 percent were set for most posts, the "emiratization" plan has been largely successful in replacing expatriate workers with Emiratis. In contrast, most of the companies in the banking, insurance, and trade sectors were not able to meet even very modest quotas (reftel).

-- Social engineering: The UAEG and institutions such as the Marriage Fund have tried to increase the national population by providing incentives to encourage citizens to have more children. Although the birthrate of nationals is four times higher than that of expatriate residents (in large part because the overwhelming majority of expatriates are "bachelors," whose families, to the extent that they have them, reside in the home country), the quantity of national births remains smaller, comprising about 45 percent of the country's total births in 2003.

-- Citizenship: The UAEG grants citizenship to a very small number of long-time residents of Arab extraction on a case-by-case basis. Giving citizenship is a major issue because it comes with free tuition, labor and political rights. The ranks of the armed forces are full of former Omanis, Egyptians, and Palestinians, and the various police forces are full of former Yemenis, all "generally above reproach," the DMI analyst said. The UAE deliberately granted citizenship to these individuals to help the country's development. In the justice sector, the UAE recruits judges from Morocco, Mauritania, and Sudan who adhere to the maliki school of jurisprudence. Most Imams are from the UAE, Egypt, and Sudan. The UAEG is unlikely to grant citizenship to thousands of long-time residents, our contacts say. That would be "national suicide," according to the DMI analyst.

-- Border controls: The border between the UAE and neighboring Oman and Saudi Arabia is being fortified with a miles-long barrier and the deployment of border patrols. UAE immigration authorities check documents of non-GCC residents traveling between the two countries. Iris-recognition systems installed at 32 checkpoints around the country foiled the attempts of approximately 25,000 immigrants to enter illegally from 2002-2004. These migrants were attempting to enter the UAE after having been deported, an Abu Dhabi Police official told "Gulf News."

¶13. (C) Fatima Al Sayegh, a Dubai native, is skeptical that most Emiratis would willingly give up their domestic workers

(often three or four in a household). Ali Tayfour, a director in the Ministry of Economy and Planning's Department of Planning Statistics, sees no solution in the short-run. "The UAE needs workers. The population of the UAE is very small; thus the UAE needs a foreign labor force. The other problem is that UAE nationals do not accept work in all occupations, such as construction worker or taxi driver. Everyone wants to be a white-collar worker," said Tayfour, an Egyptian. Some of our Emirati interlocutors rejected such assertions. "We need to destroy that myth," the UNDP's Mutar Abdullah said.

Comment:

114. (C) While the search for solutions to the demographic imbalance continues, the UAE leadership will at a minimum want to ensure that the economic needs of citizens and non-citizens are being met, both to reflect the commitment they have made to their constituents, and to prevent dissatisfaction. On the security front, the UAE must be able to distinguish legitimate foreign laborers from terrorists. As a stable and prosperous country that has welcomed people from many nations, the UAE has been a primary destination for those in the broader region who seek to escape economic and political insecurity within their own nations. In case of major future conflicts or economic downturns elsewhere, the UAE may be the top choice of large numbers of refugees seeking prosperity abroad. These security concerns are the major reason UAE officials cite for limiting workers' rights, particularly rights of association and collective bargaining.

Even those labor initiatives mandating the formation of unions allow full membership only to UAE nationals, with expatriates being allowed to join employee associations. Over the long term, the UAE may find it prudent to grant at least some political rights to non-citizens in order to maintain the country's social stability.

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